



Remarks For

The Hon. Jovita Carranza
Deputy Administrator
U.S. Small Business Administration

Delivered At The

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Thank you, Linda [McGee], for that introduction. I'm grateful for the opportunity to speak here today, at such an important event.

I understand that last year's conference resulted in a total of \$400 million in contracts being awarded. That's a terrific accomplishment. And it really goes to show the importance of this event to everyone who participates...and to the economic development of New Orleans.

So we all need to thank everyone who put in so much effort to putting this conference together:

- Pamela Dessaso, CEO& Chairman, National Community Development Summit
- ...and everyone at NCDO
- Eugene Cornelius, [thanks Eugene for your service and your contribution to the rebuilding effort]
- ...and the staff from SBA's Louisiana District Office
- All of the generous sponsors of who support this event

I also understand that there was a bit of a party in the city last night...so let me say that I'm very glad to see so many of you here this morning.

It's great to see so many people with a common goal. And like all of you, SBA is committed to enabling economic development in New Orleans.

This is a cooperative effort, and today I'd like to tell you a bit about what we at the SBA are doing to help.

We have disbursed more than \$6 billion in post-disaster economic recovery loans. That money is at work helping more than 100,000 families rebuild their homes, their lives, and their communities.

SBA's commitment to the process of rebuilding begins with our disaster loans, but it certainly doesn't end there.

Small businesses have a vital role in rebuilding the Gulf Coast economies. A vibrant and robust small business community is essential to the long-term economic health of New Orleans. And SBA has a vital role in enabling small businesses in the Gulf Coast Region – just like we do across the country.

Entrepreneurs and their small businesses spark innovation, drive community development, create jobs and opportunities, and create wealth. We see this across the country. Small businesses:

- Account for half of private sector employment.
- Create between 60 and 80 percent of new jobs.
- Account for half of non-farm GDP.
- Account for almost 30 percent of export value.
- And, small innovative companies generate about 13 times more patents per employee than their larger competitors.

And small businesses are important in a way that these statistics by themselves don't reveal. You see, entrepreneurship is the vehicle through which every

American in every community can stand on his or her hard work and dedication, and achieve success.

Entrepreneurship is a way for every American to take control of his or her economic destiny. It's a way for every American to build a better life for themselves, and for their families. This is why I say that entrepreneurship is truly empowering.

Entrepreneurship also has a special role in the economic destiny of communities. Small business owners are adaptable and find opportunities based on the needs of their local communities.

By being so integrally woven into the fabric of their communities, small business owners are also perfectly positioned to identify niches and opportunities – and move to fill them. By serving their local communities, they serve the region and our economy as a whole.

All of these factors make entrepreneurship particularly important to New Orleans and the Gulf Coast Region. We must continue to enable entrepreneurship in order to keep New Orleans on the road to recovery. And the SBA is fully committed to this cause.

We recognize, however, that while getting small businesses back on their feet is critical to rebuilding after a disaster, small businesses are frequently the hardest hit by natural disasters. In many cases, small business owners find that their businesses, their homes, their employees and many or most of their customers have all been affected by the disaster.

For this reason, the work that SBA has done in New Orleans and the Gulf Coast – and in other disaster areas across the country – is extremely important.

Enabling small businesses to continue the rebuilding in the Gulf is a mission that everyone at the SBA is very passionate about. It's a charge that I take personally, and when Administrator Steve Preston spoke at this conference last year, he called it a higher calling.

So let me talk about some of the ways that we are working to enable entrepreneurship, and the economic development that it brings, in New Orleans and the entire Gulf Coast region.

First, the SBA helps small businesses get access to capital.

This includes the more than \$6 billion in post-disaster economic recovery loans that the SBA has disbursed in the Gulf.

It also includes \$141 million in guaranteed small business loans that the agency made in New Orleans in fiscal 2007. This is capital that is helping entrepreneurs invest in and grow their business, create jobs and opportunities, and rebuild their communities.

Small businesses – like all businesses – always have a need for capital. The lack of capital can be crippling, but SBA’s loan guaranties are there to help lenders make loans to businesses that may need longer payback periods, or maybe an unconventional structure – or businesses that may not quite meet lenders’ traditional credit standards.

Second, the SBA and our resource partners are providing counseling and technical assistance to entrepreneurs.

Louisiana’s Small Business Development Centers and Womens Business Centers assisted more than 25,000 small businesses throughout the state.

Finally, the SBA is hard at work driving federal procurement dollars into the hands of small business owners. Federal contract dollars are a great way to invigorate entrepreneurship, and we have been working consistently to ensure small businesses in the Gulf can compete for those contracts.

Just after Hurricane Katrina, in fact, SBA dedicated personnel to assist in identifying small business contracting opportunities to get relief, reconstruction contracts, as well as to identify subcontracting opportunities in the Gulf Coast Region.

And ensuring that small businesses in Louisiana get a share of federal contracts remains a priority for SBA, and for our Louisiana District Office.

Close to 30 percent of all federal contract dollars spent to rebuild the Gulf went to small businesses.

And more than \$2.3 billion in has been awarded to Louisiana companies for Gulf Coast rebuilding.

In the last fiscal year, small businesses in New Orleans received more than \$400 million in contracting actions. More than \$250 million went to 8(a) firms.

In addition, 67 percent of SBA's New Orleans District portfolio of 8(a)-certified firms received federal contracts.

And beyond prime contracts, it's also important to note the benefits of joint venturing and our mentor/protégé program.

Forging a Mentor-Protégé agreement by teaming with a more experienced company is an effective way for an 8(a) firm to benefit from the expertise and resources of a successful firm.

By teaming with a mentor, an 8(a) firm can pursue joint venture opportunities. The 8(a) firm can benefit from subcontracting opportunities as well.

The Mentor-Protégé agreement is, in short, a great way to facilitate the development of 8(a) firms. We currently have more than a dozen approved Mentor-Protégé agreements in effect in Louisiana.

Administrator Preston and I are committed to ensuring that small businesses in New Orleans and across the country receive their share of federal procurement dollars.

This isn't simply an issue of fairness – it's good business. Small businesses are often terrific suppliers. They are frequently more nimble than their larger competitors. But they can't bring the same marketing and sales resources as their larger competitors, often making them a bit harder to find. So the SBA helps federal agencies find small businesses, and we help the small businesses connect with federal buyers.

We've taken steps to bring greater transparency and integrity to this process, and I'd like to mention a few of those today.

We monitor how well federal agencies do in terms of reaching their small business procurement goals. We also monitor progress that they are making, and what they are planning to do, to reach that goal. And starting this past summer, we compiled these results in a Small Business Procurement Scorecard.

The Scorecard is modeled on the one used to track the President's Management Agenda. It rates 24 federal agencies in two categories. First, it looks at their current performance, evaluating whether an agency met its annual small business contracting goals. Second, the Scorecard evaluates the progress each agency made, and on its efforts to increase contracting opportunities for small businesses. Every agency then receives a green, a yellow, or a red rating. To earn a green rating, an agency needs to meet its overall small business contracting goal and its goals for at least three of four subcategories.

In the first Scorecard, released in August, 7 agencies received a green rating for their current status, and 12 received green for their progress. Twelve agencies received a red rating for their current status, but only four received a red rating for their progress.

The Scorecard has generated very strong interest, both in government and in contracting circles, and we believe that it will translate into more opportunities for small businesses.

We also needed to ensure that the federal contracting data we had was accurate. Over 11 million contract actions from the last two years were reviewed in order

to correct all miscoded contracts. There were instances of non-profits, state or local governments, and large companies being recorded erroneously as small businesses in the procurement database because of these miscodings.

Steps have been taken first to scrub the incorrect numbers from the database, and second to make sure that future data will be even more accurate. We removed from the database close to \$5 billion in contracting actions that had been misreported as small business.

The second way that the SBA is ensuring that we have more accurate data is by requiring small businesses to be recertified as such.

Awards of long-term contracts and orders to small businesses are counted toward an agency's small business procurement goal in the year in which they are made, but also in each subsequent year of the contract. Therefore, a small business that was awarded a contract of, say, 20 years, may not stay a small business.

We think this is very good, of course. Our efforts are intended to help small businesses become successful enough that they can be large businesses. But we don't want them to be counted as small businesses if they aren't.

The new regulation, which went into effect at the end of June, requires a recertification of compliance with the size standards every five years for small businesses with long-term contracts. For small businesses with short-term

contracts – contracts with a life of 5 years or less – regular recertification is not required. Only if the firm merges or is acquired by another firm do we require that it be recertified as small.

What we're doing, in effect, is bringing greater accountability through the Scorecard, and at the same time making their job more difficult by removing incorrect and miscoded data.

We've also authorized more Procurement Center Representatives and increased our technical assistance to help federal agencies meet their small business contracting goals.

These are some of broad changes we're making in our government contracting program.

But we always remember that for all programs that the SBA offers to be effective, they must be delivered well at the local level. They also need to be coordinated with other efforts. That's why SBA's local District Offices are so critical to everything that we do. And I thank Eugene Cornelius and the rest of our Louisiana District Office staff for all of the hard work they've done on behalf of small business.

We are also working with other federal agencies to help small businesses procure more federal contracts. We are trying to find solutions alongside the GSA, Department of Homeland Security, and other agencies involved in disaster relief.

Outreach events can help us reach this goal. And this event is the perfect example of how an important conference can help facilitate the economic recovery of a city.

As you go through the rest of the conference over the next few days, I hope you keep in mind the vital role that small business plays in economic development. Strong and vibrant small businesses are a great foundation of a strong and vibrant community.

This is something that everyone at SBA understands, and we are honored to be able to help small businesses in New Orleans, and across the entire Gulf Coast, in order to keep the region moving along the road to recovery.

Thank you again for having me today.

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